



Connecticut Carpenters Annuity Fund

10 Broadway

Hamden, Connecticut 06518

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Fund Director

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EXPLANATION OF HARDSHIP WITHDRAWAL DISTRIBUTION

A participant may withdraw up to one-half (50%) of his or her Profit Sharing Account Balance to cover expenses incurred as outlined below due to a financial hardship. "Profit Sharing Account Balance" basically means a participant's account balance attributable to contributions and earnings after March 31, 1998. It is determined by taking a participant's total account balance at any time after March 31, 1998, reduced by the account balance as of March 31, 1998. The minimum amount for a Hardship Distribution is \$1,000. A participant may not receive more than \$50,000 in Hardship Distributions during his or her lifetime. The \$50,000 lifetime maximum includes any amounts withheld by the Fund to pay federal, state or local income taxes and amounts withdrawn to satisfy applicable excise taxes and penalties.

NOTE:

Whenever possible, we will issue hardship distributions in a joint check. So if your application is for federal taxes, the check will be to you and the IRS. If your application is for foreclosure by your lender, the check will be to you and your lender. If your application is for tuition, the check will be to you and the school.

A financial hardship must be one of the following events:

A. **MEDICAL EXPENSES** - payment of medical expenses incurred by the participant, spouse or dependent not covered by another party such as an insurance plan, employee health plan or governmental plan. The evidence which must be submitted includes itemized statements for medical services or one or more Explanation of Benefit Forms showing unpaid amounts.

If Hardship Application is for medical bills, the enclosed Authorization Form to Disclose Protected Health Information **must be completed and returned with application.**

B. **TUITION AND ROOM & BOARD EXPENSES** - for the participant, spouse or dependent for attendance at an accredited educational institution beyond high school. The evidence which must be submitted is a bill or receipt from the school which indicates the amount required for tuition and/or room & board.

C. **EXPENSES OF PURCHASING A HOME** (other than mortgage payments) which will be the participant's primary residence. The evidence which must be submitted is a copy of the mortgage commitment and a sales contract signed by both the buyer and seller, including a statement showing deposits made and amounts due at closing.

D. **AVOIDANCE** of a mortgage foreclosure on a primary residence of the participant or avoidance of eviction of the participant from a rental property which is his or her primary residence. The evidence which must be submitted consists of court documents showing the existence of a foreclosure or eviction action against the participant.

As of February 1, 2006, Hardship Withdrawals to prevent Eviction or Foreclosure are limited to **once in a lifetime**. If you have taken one or more withdrawals because of Eviction or Foreclosure before February 1, 2006, you may not take a withdrawal for Eviction or Foreclosure after that date.

E. **FUNERAL EXPENSES** - incurred by the participant due to the death of his or her spouse, a child, or a parent of the participant or spouse. The evidence which must be submitted is a bill or receipt indicating the amount required for the funeral expenses.

F. **INCOME TAXES** - permitted **once in a lifetime** to cover overdue state or federal income taxes and related interest and penalties.

G. **MILITARY SERVICE OUTSIDE OF NORTH AMERICA** - withdrawals to cover outstanding debts and anticipated reasonable living expenses for immediate family remaining at home.

FEDERAL INCOME TAX WITHHOLDING - The Plan is required by law to withhold federal income taxes from a hardship distribution at a 10% rate, and depending upon your age, you may be responsible for the payment of certain excise taxes and/or penalties in connection with such a distribution. See the attached notice entitled: “Special Tax Notice Regarding Plan Payments” for more information. For Federal Income Tax purposes you should be aware that this Plan is a Defined Contribution Plan and is “Qualified” under the rules of the Internal Revenue Code. You may increase your hardship withdrawal request to include taxes attributable to the distribution.

DETERMINATION OF ACCOUNT BALANCES; TIMING OF A HARDSHIP DISTRIBUTION - Profit Sharing Account Balances are determined on a daily basis, reflecting net earnings or losses as of the previous March 31st and contributions received after that. The amount of a hardship distribution is based upon a number of factors, including your Profit Sharing Account balance, the amount of taxes withheld and the information provided on your hardship distribution request form. Participants who are eligible for a hardship distribution will be paid as soon as administratively possible after your hardship distribution request is approved by the Board of Trustees or their Co-Chairs at the monthly meeting and then processed by the Fund Office. Therefore, you should submit all required information to the Fund Office on a timely basis.



Connecticut Carpenters Annuity Fund

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Must be completed by member and returned to Fund Office with supporting documents.

Name (Please Print)

Social Security Number

Signature

Current Address Street Apt.

Town State Zip Code

Telephone Number

Date Signed _____

**Important: Your application must be received in the Fund Office no later than _____
in order to be processed at the next meeting on _____ .**

For Office Use Only

Date: Approved: _____
Month Day Year

Authorization of Payment:

Co-Chairman

Co-Chairman



Connecticut Carpenters Annuity Fund

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CONNECTICUT CARPENTERS ANNUITY FUND

Federal Income Tax Withholding Election for Hardship Withdrawals

Hardship distributions are subject to 10% federal income tax withholding unless an election is made not to have any federal income taxes withheld. I understand that I am liable for any federal and state income taxes due as a result of this distribution and for reporting and paying any excise taxes or other penalties that may be associated with my hardship distribution. Check box 1, 2 or 3 and sign and date below:

1. I do not wish to have federal income tax withheld from my hardship withdrawal.
2. I wish to have 10% federal income tax withheld from my hardship withdrawal.
3. I wish to have an additional ____% federal income tax withheld to cover the 10% excise tax the Internal Revenue Service will impose if I receive a distribution before age 59½ and any other penalties (including those that must be reported on IRS Form 5329).

(Signature)

(Date)

(Print Name)

(Social Security No.)



Connecticut Carpenters Annuity Fund

PARTICIPANT'S HARDSHIP WITHDRAWAL DISTRIBUTION APPLICATION

I, the undersigned Participant, hereby request a distribution from my Profit Sharing Account and represent and acknowledge the following:

I certify:

1. That I have an immediate and heavy financial need which will be incurred within the twelve-month period following the date of this request.
 - A. To pay for medical expenses incurred by me, my spouse or a dependent whom I claim on my federal income tax return;
 - B. To pay educational expenses for attendance at an accredited institution beyond high school for me, my spouse or dependent whom I claim on my federal income tax return;
 - C. To purchase a principal residence; or
 - D. To avoid foreclosure or eviction; or
 - E. To pay for funeral expenses incurred by me because of the death of spouse, child, parent, or spouse's parent;
 - F. To pay for overdue State or Federal Income Taxes;
 - G. To pay for outstanding debts and anticipated reasonable living expenses for immediate family if engaged in the Military Service.

2. That I require a distribution in the amount of \$_____ (must be at least \$1,000) net of any amounts which must be withheld to pay federal, state or local income taxes or penalties in connection with the following (check and complete all that are applicable):

_____ payment of medical expenses\$_____

_____ educational expenses for myself/spouse/dependent for attendance at an accredited institution beyond high school for a period beginning _____ and ending _____. (not to exceed a twelve month period).....\$_____

_____ purchase of my principal residence.....\$_____

_____ avoidance of foreclosure or eviction.....\$_____

_____ payment of funeral expenses.....\$_____

_____ payment of overdue federal or state tax.....\$_____

_____ Military Service - expenses to pay debts and reasonable living expenses for family members\$_____

3. That attached hereto are true and correct copies of all bills in connection with unreimbursed medical expenses, expenses in connection with attendance at an accredited institution beyond high school, funeral expenses, purchase contracts, mortgages or mortgage commitments and statements in connection with the purchase of my principal residence or notice of foreclosure or eviction, statement from IRS or CT DRS for overdue federal or state tax and related documentation for debts or expenses if engaged in the Military Service.
4. That I will use this distribution solely for the hardship reasons represented in this application.
5. That this distribution will reduce the retirement benefits available to me and my spouse, if married, at retirement.
6. That I may not withdraw an amount in excess of the amount required to meet the applicable expense(s) outlined in paragraph 2, plus income and excise taxes.
7. That I may not receive more than \$50,000 in hardship distributions during my lifetime.
8. That if the distribution is not utilized for one of the hardship reasons, as stated above, for any reason whatsoever, I will accept full responsibility for any and all penalties, additional taxes or other consequences that may arise.
9. That the immediate and heavy financial need cannot be relieved from other resources that are reasonably available to me, such as insurance, liquidation of assets that are reasonably available, or by borrowing from commercial sources on reasonable terms.
10. That I hereby agree to hold harmless the Board of Trustees of the Fund and its agents from any and all liability, costs and expenses (including attorney fees and court costs) for any claim, demand or legal action that may be brought against any of them.

Further, with respect to income tax and penalty matters and the actual amount of my hardship withdrawal, I acknowledge the following paragraphs 11-12:

11. That I have received a copy of the "Special Tax Notice Regarding Plan Payments" and I am fully aware that my entire hardship distribution is taxable.
12. If I do not have the Fund increase my federal income tax withholding by the amount estimated to be necessary to satisfy any applicable excise tax or penalty, I understand that I am responsible for reporting and paying any excise taxes or other penalties (including those that must be reported on IRS Form 5329) that may be associated with my hardship distribution.

This application must be signed and notarized at least 7 days and not more than 180 days prior to distribution. By signing this application, I confirm that I have received a copy of the Special Tax Notice Regarding Plan Payments.

(Signature of Member)

Subscribed and sworn before me this _____ day of _____, 20_____.

Notary Public

My commission expires: _____

(See back of page for Spouse's Consent Form and / or Certification that Participant is Not Married.
(Must be completed))

CONNECTICUT CARPENTERS ANNUITY FUND
(COMPLETE SECTION I OR II)

Note: This consent must be signed and notarized at least 7 days and not more than 180 days prior to the distribution.

I. SPOUSE'S CONSENT TO HARDSHIP DISTRIBUTION

I, the undersigned spouse of

_____,
hereby agree to the following:

1. I hereby consent to my spouse's election for a distribution from his/her Profit Sharing Plan for reasons of financial hardship allowed under the Connecticut Carpenters Annuity Fund (the "Fund");
2. I hereby acknowledge that I am fully aware that this distribution will reduce any future benefits that may be due to me and my spouse at retirement, or otherwise; and
3. I hereby agree to hold harmless the Board of Trustees of the Fund, and its agents from any and all costs and expenses for claims that may be brought against them in connection with my spouse's hardship distribution.

(Signature of Spouse)

Subscribed and sworn before me this _____ day of _____, 20_____.

Notary Public

My commission expires: _____

II. CERTIFICATION THAT PARTICIPANT IS NOT MARRIED

I hereby certify and represent that I am not married, do not have a spouse, and will notify the Fund Office if I marry before the effective date of my distribution.

(Signature of Member)

Subscribed and sworn before me this _____ day of _____, 20_____.

Notary Public

My commission expires: _____

PART V: Acknowledgment and Signature

I understand that:

- I HAVE THE RIGHT TO REFUSE TO SIGN THIS AUTHORIZATION FORM.
- I HAVE THE RIGHT TO REVOKE THIS FORM AT ANY TIME BY SUBMITTING A CANCELLATION OF AUTHORIZATION FORM TO THE BENEFITS OFFICE.
- CANCELLATION WILL TAKE EFFECT AS OF THE CANCELLATION DATE OR EVENT, OR ONCE THE BENEFITS OFFICE RECEIVES THE CANCELLATION OF AUTHORIZATION FORM.
- THE PERSON(S) I AM AUTHORIZING TO RECEIVE MY PHI MAY NOT BE REQUIRED TO TREAT THIS INFORMATION AS CONFIDENTIAL OR PROTECTED HEALTH INFORMATION.
- THE HEALTH FUND WILL PROVIDE A COPY OF THIS SIGNED AUTHORIZATION FORM TO ME.

Your Signature (or Signature of Personal Representative*)

Date

*If you are acting as the Personal Representative of the individual whose PHI is to be disclosed, you must have a Personal Representative Form on file with the Fund Office.

PART VI: Witness or Notary (Complete one)

Witness (Fund Office employee or Trustee only)¹

Signature

Date

(Print name)

OR

Notary Public

Personally appeared before me at _____, Connecticut, this ____ day of _____, 20__, the within named _____, who acknowledged that signing this Authorization Form was his or her free act and deed.

Notary Public

My commission expires: _____

Cancellation of Authorization (to be effective only after received by the Fund)

I hereby cancel my authorization to disclose protected health information to _____ effective immediately or as of _____.

Signature

Date

¹ A member of the Fund Office staff or a Trustee may witness the signature in person. Any signature not witnessed by Fund Office staff or a Trustee must be notarized.



Connecticut Carpenters Annuity Fund



CONNECTICUT CARPENTERS ANNUITY FUND SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS JANUARY 2008

This notice explains how you can continue to defer federal income tax on your retirement savings in the Connecticut Carpenters Annuity Plan (the "Plan") and contains important information you will need before you decide how to receive your Plan benefits.

This notice is provided to you by the Fund Office of the Connecticut Carpenters Annuity Fund because all or part of the payment that you will soon receive from the Plan may be eligible for rollover by you to a traditional IRA or an eligible employer plan. A rollover is a payment by you of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA). An "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as rollovers. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to a traditional IRA or split your rollover amount between the employer plan in which you will participate and a traditional IRA. If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from this Plan. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

If you have additional questions after reading this notice you should contact the Pension Benefits Manager at (203) 281-5511 or toll-free at (800) 922-6026.

SUMMARY

There are two ways you may be able to receive a Plan payment that is eligible for rollover:

- (1) Certain payments can be made directly to a traditional IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit ("DIRECT ROLLOVER"); or
- (2) The payment can be PAID TO YOU.

If you choose a DIRECT ROLLOVER:

- Your payment will not be taxed in the current year and no income tax will be withheld.
- You choose whether your payment will be made directly to your traditional IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account because these are not traditional IRAs.
- The taxable portion of your payment will be taxed later when you take it out of the traditional IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from this Plan.

If you choose to have a Plan payment that is eligible for rollover PAID TO YOU:

- You will receive only 80% of the taxable amount of the payment, because the Plan Administrator is required to withhold 20% of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you may have to pay an additional 10% tax.
- You can roll over all or part of the payment by paying it to your traditional IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. The amount rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.
- If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, you must find other money to replace the 20% of the taxable portion that was withheld. If you roll over only the 80% that you received, you will be taxed on the 20% that was withheld and that is not rolled over.

Your Right to Waive the 30-Day Notice Period.

Generally, neither a direct rollover nor a payment can be made from the plan until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your withdrawal will then be processed in accordance with your election as soon as practical after the Fund Office receives it.

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I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from the Plan may be "eligible rollover distributions." This means that they can be rolled over to a traditional IRA or to an eligible employer plan that accepts rollovers. Payments from a plan cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account. The Fund Office will be able to tell you what portion of your payment is an eligible rollover distribution.

After-Tax Contributions. If you made after-tax contributions to the Plan, these contributions may be rolled into either a traditional IRA or to certain employer plans that accept rollovers of the after-tax contributions. The following rules apply:

- a) Rollover into a Traditional IRA. You can roll over your after-tax contributions to a traditional IRA either directly or indirectly. The Fund Office should be able to tell you how much of your payment is the taxable portion and how much is the after-tax portion. If you roll over after-tax contributions to a traditional IRA, it is your responsibility to keep track of, and report to the Internal Revenue Service on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the traditional IRA to be determined. Once you roll over your after-tax contributions to a traditional IRA, those amounts CANNOT later be rolled over to an employer plan.

- b) Rollover into an Employer Plan. You can roll over after-tax contributions from an

employer plan that is qualified under Code section 401(a) or a section 403(a) annuity plan to another such plan using a direct rollover if the other plan provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You can also roll over after-tax contributions from a section 403(b) tax-sheltered annuity to another section 403(b) tax-sheltered annuity using a direct rollover if the other tax-sheltered annuity provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You CANNOT roll over after-tax contributions to a governmental 457 plan. If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct the Fund Office to make a direct rollover on your behalf. Also, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan.

The following types of payments cannot be rolled over:

Payments Spread over Long Periods. You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:

- your lifetime (or a period measured by your life expectancy), or
- your lifetime and your beneficiary's lifetime (or a period measured by your joint life expectancies), or
- a period of 10 years or more.

Required Minimum Payments. Beginning when you reach age 70½ or you retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a "required minimum payment" that must be paid to you. In the unlikely event that you own 5% or more of a contributing employer, special rules apply.

Hardship Distributions. A hardship distribution cannot be rolled over.

Corrective Distributions. A distribution that is made to correct a failed nondiscrimination test or because legal limits on certain contributions were exceeded cannot be rolled over.

The Fund Office will be able to tell you if your payment includes amounts which cannot be rolled over.

II. DIRECT ROLLOVER

A DIRECT ROLLOVER is a direct payment of the amount of your Plan benefits to a traditional IRA or an eligible employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your payment that is an eligible rollover distribution, as described in Part I above. You are not taxed on any taxable portion of your payment for which you choose a DIRECT ROLLOVER until you later take it out of the traditional IRA or eligible employer plan.

In addition, no income tax withholding is required for any taxable portion of your Plan benefits for which you choose a DIRECT ROLLOVER. This plan will not let you choose a DIRECT ROLLOVER if your distributions for the year are less than \$200.

DIRECT ROLLOVER to a traditional IRA. You can open a traditional IRA to receive the direct rollover. If you choose to have your payment made directly to a traditional IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to a traditional IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish a traditional IRA to receive the payment. However, in choosing a traditional IRA, you may wish to make sure that the traditional IRA you choose will allow you to move all or a part of your payment to another traditional IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on traditional IRAs (including limits on how often you can roll over between IRAs).

DIRECT ROLLOVER to a Plan. If you are employed by a new employer that has an eligible employer plan, and you want a direct rollover to that plan, ask the plan administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you can choose a DIRECT ROLLOVER to a traditional IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the plan administrator of that plan before making your decision.

DIRECT ROLLOVER of a Series of Payments. If you receive a payment that can be rolled over to a traditional IRA or an eligible employer plan that will accept it, and it is paid in a series of payments for less than 10 years, your choice to make or not make a DIRECT ROLLOVER for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

Change in Tax Treatment Resulting from a DIRECT ROLLOVER. The tax treatment of any payment from the eligible employer plan or traditional IRA receiving your DIRECT ROLLOVER might be different than if you received your benefit in a taxable distribution directly from the Plan. For example, if you were born before January 1, 1936, you might be entitled to ten-year averaging or capital gain treatment, as explained below. However, if you have your benefit rolled over to a section 403(b) tax-sheltered annuity, a governmental 457 plan, or a traditional IRA in a DIRECT ROLLOVER, your benefit will no longer be eligible for that special treatment. See the sections below entitled "Additional 10% Tax If You Are under Age 59½" and "Special Tax Treatment If You Were Born before January 1, 1936."

III. PAYMENT PAID TO YOU

If your payment can be rolled over (see Part I above) and the payment is made to you in cash or a check, it is subject to 20% federal income tax withholding on the taxable portion (state tax withholding may also apply). The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a traditional IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

Income Tax Withholding.

Mandatory Withholding. If any portion of your payment can be rolled over under Part I above and you do not elect to make a DIRECT ROLLOVER, the Plan is required by law to withhold 20% of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of \$10,000, only \$8,000 will be paid to you because the Plan must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see "Sixty-Day Rollover Option" below), you must report the full \$10,000 as a taxable payment from the Plan. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than \$200.

Voluntary Withholding. If any portion of your payment is taxable but cannot be rolled over under Part I above, such as a Hardship Distribution, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding applied to that portion. If you do nothing, 10% will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask the Fund Office for the election form and related information.

Sixty-Day Rollover Option. If you receive a payment that can be rolled over under Part I above, you can still decide to roll over all or part of it to a traditional IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, you must contribute some or all of the amount of the payment you received to a traditional IRA or eligible employer plan within 60 days after you receive the payment. The portion of your payment that is rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.

You can roll over up to 100% of your payment that can be rolled over under Part I above, including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the traditional IRA or the eligible employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

Example: The taxable portion of your payment that can be rolled over under Part I above is \$10,000, and you choose to have it paid to you. You will receive \$8,000, and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to a traditional IRA or an eligible employer plan. To do this, you roll over the \$8,000 you received from the Plan, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the traditional IRA or an eligible employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2,000 withheld.

If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the \$2,000 withheld. (However, any refund is likely to be larger if you roll

over the entire \$10,000.)

Additional 10% Tax If You Are under Age 59½. If you receive a payment before you reach age 59½ and you do not roll it over, then, in addition to the regular income tax, you may have to pay an extra tax equal to 10% of the taxable portion of the payment. Here are some of the circumstances where the additional 10% tax will generally not apply with respect to distributions from the Plan: (1) payments that are paid after you retire from the carpentry trade in Connecticut during or after the year you reach age 55, (2) payments that are paid because you retire due to disability, (3) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (4) payments that are paid directly to the government to satisfy a federal tax levy, (5) payments that are paid to an alternate payee under a qualified domestic relations order, or (6) payments that do not exceed the amount of your deductible medical expenses. See IRS Form 5329 for more information on the additional 10% tax.

The additional 10% tax will not apply to distributions from a governmental 457 plan, except to the extent the distribution is attributable to an amount you rolled over to that plan (adjusted for investment returns) from another type of eligible employer plan or IRA. Any amount rolled over from a governmental 457 plan to another type of eligible employer plan or to a traditional IRA will become subject to the additional 10% tax if it is distributed to you before you reach age 59½, unless one of the exceptions applies.

Special Tax Treatment If You Were Born before January 1, 1936. If you receive a payment from a plan qualified under section 401(a) or a section 403(a) annuity plan that can be rolled over under Part I and you do not roll it over to a traditional IRA or an eligible employer plan, the payment will be taxed in the year you receive it. However, if the payment qualifies as a "lump sum distribution," it may be eligible for special tax treatment. A lump sum distribution is a payment, within one year, of your entire balance under the Plan (and certain other similar plans of a contributing employer) that is payable to you after you have reached age 59½ or because you have retired from the carpentry trade in Connecticut. For a payment to be treated as a lump sum distribution, you must have been a participant in the plan for at least five years before the year in which you received the distribution. The special tax treatment for lump sum distributions that may be available to you is described below.

Ten-Year Averaging. If you receive a lump sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using "10-year averaging" (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

There are other limits on the special tax treatment for lump sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump sum distributions that you receive in that same year. You may not elect this special tax treatment if you rolled amounts into this Plan from a 403(b) tax-sheltered annuity contract, a governmental 457 plan, or from an IRA not originally attributable to a qualified employer plan. If you have previously rolled over a distribution from this Plan (or certain other similar plans of a contributing employer), you cannot use this special averaging treatment for later payments from the Plan. If you roll over your payment to a traditional IRA, governmental 457 plan, or 403(b)

tax-sheltered annuity, you will not be able to use special tax treatment for later payments from that IRA, plan, or annuity. Also, if you roll over only a portion of your payment to a traditional IRA, governmental 457 plan, or 403(b) tax-sheltered annuity, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump sum distributions and how you elect the special tax treatment.

IV. SURVIVING SPOUSES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the Plan results from a "qualified domestic relations order," which is an order issued by a court, usually in connection with a divorce or legal separation.

If you are a surviving spouse or an alternate payee, you may choose to have a payment that can be rolled over, as described in Part I above, paid in a DIRECT ROLLOVER to a traditional IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

If you are a beneficiary other than a surviving spouse or an alternate payee, you cannot choose a direct rollover, and you cannot roll over the payment yourself.

If you are a surviving spouse, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 10% tax described in Part III above, even if you are younger than age 59½.

If you are a surviving spouse, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump sum distributions as described in Part III above. If you receive a payment because of the employee's death, you may be able to treat the payment as a lump sum distribution if the employee met the appropriate age requirements, whether or not the employee had 5 years of participation in the Plan.

HOW TO OBTAIN ADDITIONAL INFORMATION

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with a professional tax advisor or a representative of the Fund Office before you take a payment of your benefits from your Plan. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS's Internet Web Site at www.irs.gov, or by calling 1-800-TAX-FORMS.